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IN THE HIGH COURT OF UTTARAKHAND AT NAINITAL

Writ Petition No. 2494 of 2007 (MS)

Decided On: 22.05.2009

Shobhan Lal Jain **Vs.** The Drugs Controller and Ors.

Hon'ble Judges/Coram:
Sudhanshu Dhulia, J.

Counsels:
For Appellant/Petitioner/Plaintiff: Sanat Kumar, Sharad Sharma and P.R. Mullik, Advs.

For Respondents/Defendant: Arvind Vashisth, A.S.G. for Respondent No. 1,Lok Pal Singh, Virendra Singh and S.K. Bansal, Advs. for Respondent Nos. 2 and 3

Case Note:
Drugs and Cosmetic Act, 1940-- Section 17-D--Grant of licence--Validity--Held--Since the Trade Mark stands registered in the name of petitioner and once the trade mark is registered than any other person manufacturing the cosmetics under the said name may be hit by Section 17-D of Act, 1940. [Para--14]

ड्रग्स एण्ड कास्मैटिक अधिनियम, 1940—धारा 17–D—अनुज्ञप्ति का दिया जाना—वैधता—अवधारित—जबकि ट्रेड मार्क याचि के नाम में पंजीकृत कराया गया हैं और जबकि एक बार ट्रेड मार्क पंजीकृत हो जाता हैं और कोई अन्य व्यक्ति इस नाम में कोस्मैटिक का निर्माण करता हैं तब धारा 17–D अधिनियम के अर्न्तगत दोषी हो सकता हैं। [पद—14]

JUDGMENT

Sudhanshu Dhulia, J.

1 . Petitioner manufactures and markets cosmetics in India. Respondent No. 1 (hereinafter referred to as "R-1") is an authority whose licence is required under the Drugs & Cosmetics Act, 1940 before any cosmetic or drug can be manufactured in the State. Respondent No. 2 (hereinafter referred to as "R-2") is the licensee of Respondent No. 3 (hereinafter referred to as "R-3"), who also manufactures cosmetics. By means of the present writ petition, the Petitioner has, inter alia, challenged the order dated 1-12-2007 of R-1 i.e. the Drug Controller, Directorate of Health Services, Uttarakhand by

which the Drug Controller has withdrawn the show cause notice, which he had earlier issued to R-2. Apart from this, the Petitioner has also sought a writ in the nature of Mandamus seeking for the records from R-1 relating to the permission granted by R-1 to R-2 for manufacturing of "cosmetics" under the brand name of "JOLEN", etc. The Petitioner has further prayed that a writ, order or direction in the nature of Mandamus be issued to R-1 to immediately withdraw and cancel the permission/approval granted to R-2 vide order dated 5-2-2005 for manufacturing cosmetics under the Trade Mark "JOLEN".

2. The Petitioner is the registered owner of this Trade Mark i.e. JOLEN in India and hence claims the exclusive right of its use against any other person including R-2 and R-3. He therefore has objected to the grant of licence by R-1 to R-2 for manufacturing a cosmetic, under the brand name JOLEN, of which the Petitioner is the registered owner. Though predominantly it is a trade mark dispute between the parties, what is here before this Court is the issue as to whether the grant of the licence by R-1 to R-2, is legally sustainable or not?

3. R-3 is a company incorporated under the laws of United States of America in the year 1969, in the name and style of M/s JOLEN Inc. According to R-3, it is engaged in the business of manufacturing and marketing of cosmetic products such as cream, bleach, skin creams, lotion etc., which are marketed world over under a distinctive trade mark JOLEN. R-3 claims that this it has been doing since 1955. It claims to be the owner and proprietor of this trade mark/trade name called JOLEN, on account of being its inventor, prior and global user amongst other factors. It is also claimed by R-3 that although it has been selling its goods in India with effect from 2004, through R-2, which is its licensee, these goods were available in India even prior to 2004, mainly through Duty Free Shops. The trade mark JOLEN is also registered in favour of R-3 in respect of cosmetics referred above, in the United States of America since 1969 and also in more than 40 other countries of the world. It is claimed by R-3 that on the basis of its long use and its quality with its world wide sale, it has a huge reputation and credit and most importantly a "trans-border reputation" for its products and the trade mark JOLEN.

4. R-2 is the licensee of R-3. According to R-3 its products are being marketed and sold through R-2 in India since 2004. Now R-2, being a licensee of R-3 has been authorized by him to manufacture these cosmetics in India, Admittedly before a drug or a cosmetic can be manufactured, a license has to be obtained from an authority known as the Drug Controller, which is constituted under the Drugs and Cosmetics Act, 1940. It is this license given to R-2 by the Drug Controller i.e. R-1, which is the subject matter in the present writ petition.

5 . Against the aforesaid background, let us examine the case of the Petitioner. According to the Petitioner, he is engaged in the business of manufacturing and marketing of cosmetic products for the last several years. He has earned a large goodwill and fame in the cosmetics trade in India and the Petitioner has been using the trade mark JOLEN and is also registered owner of the said trade mark under the provisions of Trade Marks Act, 1999, bearing Trade Mark No. 434499 dated 25-02-1985 advertised in the trade mark journal No. 1003 dated 16-3-1991. The Petitioner also has trade mark No. 555920 dated 6-8-1997 for cosmetics. According to the Petitioner both the said registrations of trade marks are subsisting and effective till date. It is also the case of the Petitioner that this trade mark JOLEN was adopted by him as far back as in the year 1985. The Petitioner averts that he had inquired from the Registrar of Trade Marks as to the availability of the trade mark JOLEN for using and registration in India in respect of cosmetics and was informed that JOLEN was neither registered, nor

applied for registration by any other person in India. Consequently the Petitioner filed an application for registration. The Petitioner's licensee in turn had also obtained permission for manufacturing of cosmetics under the Trade Mark JOLEN in India and was granted such a permission in the year, 1987. Consequently the Petitioner started producing the cosmetics through its licensee which was sold in the market continuously since 1987 to 2004. In the year 1994, Petitioner with his sons incorporated a company in his trade mark namely JOLEN International Limited under the Indian Companies Act, 1956. The entire claim of the Petitioner here is in fact based on the registration of the trade mark JOLEN under the Indian Law and the Petitioner asserts that once a trade mark stands registered in the name of the Petitioner, the word JOLEN can be used by no other person but by the Petitioner alone and it is the intellectual property of the Petitioner.

6. Although the present controversy relates to the grant of the license for manufacture of a cosmetic as already referred above, what lies at its foundation is a trade mark dispute-the dispute as to who shall use the trade mark JOLEN. Therefore, in order to appreciate the present controversy it is necessary to revert to the background of the case so that a proper prospective may emerge.

7. Petitioner is undoubtedly the registered owner of the Trade Mark "JOLEN" in India, which was registered in its favour in 1997, though the Petitioner claims to manufacturing the product since 1987. However, when the Petitioner moved such an application before the Registrar of Trade Marks for registration of the Trade Mark "JOLEN", it was opposed by R-3 on the grounds that such a Trade Mark cannot be registered as the Trade Mark "JOLEN" is already registered as a Trade Mark in the United States of America and products, which are manufactured under the said Trade Name are used in India. Moreover, they are being regularly advertised since 1960 in various Trade Magazines and Journals and have established a reputation in India, even though the products may not be sold on a very large scale in India. In short, R- 3 claimed before the Registrar of Trade Marks a "trans-border reputation" of its. Trade Mark and prior user of the Trade Mark and opposed the registration of Trade Mark "JOLEN" in the name of the Petitioner. Ali the same, the opposition made by R-3 before the Registrar of Trade Marks did not find favour with the Registrar of Trade Mark and the Trade Mark "JOLEN" was ultimately registered as a Trade Mark in favour of the Petitioner. Consequently, R-3 i.e. Ms. JOLEN INC. moved his case before the Delhi High Court against the order of the Registrar of Trade Marks, which was ultimately transferred to the appellate tribunal at Delhi. The Appellate Tribunal, again, did not agree with the contention of R-3 regarding its "trans-border reputation" and held that even though the products are being made by R-3 prior in time, the same will not have any affect in India as they are not being sold in India and the trans-border reputation in these matters will not be applicable. The registration of Trade Mark in favour of the Petitioner was also upheld by the appellate tribunal. Consequently, R-3 filed a writ petition before the Delhi High Court. The Delhi High Court, however, has stayed the operation of the appellate tribunal's order. Another interesting aspect before the Delhi High Court was that the Petitioner i.e. Shobhan Lal Jain had also given an undertaking to the Court that he will not take any other action based on the order impugned in the proceeding before the Delhi High Court, till the hearing in this petition. It is an admitted case that the said writ petition being Writ Petition(C) No. 1213 of 2005 JOLEN INC v. Shobanlal Jain and Ors. is still pending before the Delhi High Court. The precise orders which were passed on 16-5-2005 are as follows:

CM No. 6252/2005

Issue notice.

Mr. M.K. Miglani, advocate accepts notice and states that the Petitioner shall not press the application made by his client for leave to sue in respect of the trade mark "JOLEN" and his client shall also not take any other action based on the order impugned in the present proceedings till the hearing in this petition.

W.P.(C) 1213/2005

The Petitioner shall file its rejoinder to the counter affidavit by the Respondents.

With the consent of parties, it is directed that the writ petition shall be taken up for disposal in the category of "After Notice Miscellaneous Matters" on the 25th July, 2005.

Dasti.

8. Thereafter, on February 6, 2006, an interim order was passed as follows : "Learned Counsel for the Respondents 1 & 2 prays for an adjournment. Similar request was also made on the last date of hearing. However, the Order dated 25-7-2005 has not been complied with by either party. Written synopsis of arguments not exceeding three pages be filed within a period of 15 days from today.

Renotify for 8th March, 2006.

Interim arrangement to continue.

CM 897/2005 in W.P. (C) 1213/2005

Till the next date of hearing, the impugned Order is stayed.

List this application also on the date fixed.

9. On 8-3-2006, the Delhi High Court again passed an interim order, which is quoted below:

CM No. 897/2005

Interim order dated February 06, 2006 are made absolute.

The application stands disposed of.

10. It is also an admitted fact before this Court that the interim order granted by the Delhi High Court survives as on date. Therefore, in effect the registration and the benefits of such registration being claimed by the Petitioner stand in abeyance at the moment and no benefit can accrue to the Petitioner merely because of the registration of the Trade Mark JOLEN in its favour,

11. Apart from this, R-3 had also filed a suit of "passing off' against the Petitioner before the Madras High Court. In the said suit, the application for temporary injunction was also filed by R-3, which was rejected. Against the order of rejection of the temporary injunction application, R-3 filed an appeal before and a Division Bench of the Madras High Court which had allowed this appeal and granted a temporary injunction. Although it is an order granting temporary injunction and the main suit for passing off

action against the Petitioner is still pending in the Madras High Court, the order is a detail order stating the entire facts of the matter and the law applicable on the subject. The observations made by the learned Judges of the Madras High Court against the Petitioner are interesting and some of these observations need to be referred here. For instance, the Madras High Court observed that the Petitioner has clearly imitated and copied the trade mark of R-3 in its entirety. Relevant paragraph 35 of the judgment is quoted below:

> 35. Before considering the question whether the Appellant has prima facie established that it has trans-border reputation, we find from the sample of products produced before us that the Respondents have copied the trade mark JOLEN in its entirety not only in the colour scheme, get-up and lay out, but also in the style in which the word JOLEN is printed by the Appellant both in the container as well as in the carton. We find that the Respondents have copied the colour scheme, get up and lay-out of the Appellant completely and in its entirely in respect of the products marketed by the Respondents in the container as well as in the carton. We also find that there is neither an addicting of a letter, nor there is any subtraction of any letter from the word JOLEN, nor there is any modification in the style in printing the letter JOLEN by the Respondents. In other words, the Appellant' trade mark JOLEN has been copied slavishly by the Respondents and the copy is complete in all respects. No doubt, in the container of the Respondents an additional information is available to the effect that it is manufactured by Hindustan Rimmer which is followed by the expression, 'manufactured in technical collaboration with Laboratoire Nouveau, U.S.A. and marketed by JOLEN International Limited'. We are of the view that the addition of the words in the container and carton does not help the Respondents as in the advertisements they have advertised that the goods were manufactured in collaboration with Laboratoire Nouveau, U.S.A. and marked by JOLEN International Limited and the expression used in the advertisements cannot be said to be without any purpose except to convey to a purchaser that he or she is purchasing a product made in collaboration with a company in U.S.A.

12. In the next paragraph, the High Court states as follows:

> **36.** The Appellant has also prima facie established that it has got prior user, though it has been denied by the Respondents. The Appellant has produced several advertisements, the earliest of which is of the year 1967 published in the magazine Glamour, found in volume II of the typed-set of papers. It was followed by other advertisements effected in the year 1968, 1976, 1977, 1980, 1982, 1983 and 1984 all found in volume 11 of the typed set of papers. The Appellant produced various invoices prior to 1997 and also produced copy of statement of advertising figures, found at page 8 of volume II of the typed-set of papers. No doubt, the Respondents deny that the Appellant is having prior user, but these documents prima facie establish that the Appellant has been marketing the goods under the trade mark JOLEN from the year 1967 and there are no grounds to disbelieve or discard those documents. In Haw Par Bros. International Limited v. Tiger Balm Company (P) Limited and Ors.1996 PTC 311, it was held as under:
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> > At the interlocutory stage, it is the practice to accept documents filed along with affidavit. The Respondents have also filed number of such documents and if regular proof is necessary, the documents filed by

both sides should be completely ignored. If that procedure is adopted, it is not possible in any interlocutory application to grant relief to parties.

No doubt, the Respondents got the registration of the trade mark. This Court in Haw Par Bros. International Limited v. Tiger Balm Company (P) Limited and Ors. (supra), in paragraph 78 and 79 held that it is no defence to passing off that the Defendant's mark is registered. This Court also noticed the judgment in Century Traders v. Roshan Lal Duggar and Company MANU/DE/0153/1977 : AIR 1978 Delhi 250 and Sushil Vasudev v. Kwality Frozen Foods Private Limited, (193) 1 Kar. LJ 609, which was confirmed on appeal in C.A. No. 234 of 1994 by order of the SC dated 19-7-1994 and ultimately in paragraph 87 it held that, the prior registration of trade mark is not a ground in the case of passing off action. The Delhi High Court in N.R. Dongre v. Whirlpool Corporation MANU/DE/0700/1995 : AIR 1995 Delhi 300, has taken the same view and the SC in N.R. Dongre v. Whirlpool Corporation1996 PTC 583 (SC), has approved the view of the Delhi High Court holding that the registration of trade mark has no consequence for passing off action.

13. In short the Petitioner has been presently restrained by Madras High Court from using the Trade Mark "JOLEN" in its carton or in its advertisements. In effect, therefore, the registration, which is in favour of the Petitioner is of no use to the Petitioner as firstly the order of the registration itself has been stayed by the Delhi High Court and secondly the Madras High Court has injuncted the Petitioner from using the Trade Mark "JOLEN" in its carton, packaging or in its advertisement. Although, the orders passed by the Delhi High Court as well as Madras High Court are in the nature of an ad interim measure and a final adjudication is yet to be pronounced on these issues, yet these orders are quite significant and have an important bearing for the present purposes as well. What remains to be seen is as to whether the Petitioner under these circumstances can still get any benefit of the registration in the present dispute before this Court and more importantly whether R-1 was justified in rejecting the objections of the Petitioner.

14. Before R-1 i.e. the Drug Controller, Directorate of Health Services, Uttarakhand, there was no issue directly of a trade mark dispute, nor is R-1 an authority for this purpose. R-1 had merely to decide as to whether under the parameters of law, which is in present case would be the Drugs and Cosmetics Act, 1940, a license to manufacture a cosmetic was liable to be given to R-2 or not. Under the facts and circumstances of the case and in the light of the controversy between the parties, it is the clear opinion of this Court that such a license could not be refused, merely on the ground that the Trade Mark "JOLEN", under which the 'cosmetics' is to be marked and sold, stands registered in the name of the Petitioner.

15. It is an admitted case that R-2 had applied for a license to manufacture cosmetics in the State of Uttarakhand before the Drug Controller, which is the appropriate authority under the law in the State of Uttarakhand. it is also an admitted case that R-2 is a licensee of R- 3, who claims to be the owner of the trade mark "JOLEN". The licensee i.e. R-2 had applied before R-1 for licence under the Drugs and Cosmetics Act, 1940 for manufacturing certain cosmetics under the brand name JOLEN. Initially when the licence was given to R- 2 by R-1, the Petitioner had opposed grant of this license and had moved its objections before R-1 challenging the grant of license. The allegations of the petition before R-1 was that R- 2 has not disclosed the entire facts before R-1 prior to getting a license for manufacturing cosmetics under the trade mark "JOLEN". Moreover, Petitioner would contend that since brand name JOLEN stands

registered in the name of the Petitioner, it cannot be granted in favour of R-2, or any other person and in case such a licence is granted and such a product is manufactured, it would be a spurious cosmetic as defined under Section 17-D of the Drugs and Cosmetics Act, 1940. Relevant Section 17-D of the Drugs and Cosmetics Act, 1940 reads as under:

> 17-D. Spurious cosmetics.- For the purposes of this Chapter, a cosmetic shall be deemed to be spurious,--
>
> (a) if it is manufactured under a name which belongs to another cosmetic; or
>
> (b) if it is an imitation of, or a substitute for, another cosmetic or resembles another cosmetic in a manner likely to deceive or bears upon it or upon its label or container the name of another cosmetic unless it is plainly and conspicuously marked so as to reveal its true character and its lack of identity with such other cosmetic; or
>
> (c) if the label or container bears the name of an individual or a company purporting to be the manufacturer of the cosmetic which individual or company is fictitious or does not exist; or
>
> (d) if it purports to be the product of a manufacturer of whom it is not truly a product.

16. Prima facie, impressed by the contention of the Petitioner R-1 had issued a show cause notice to R-2 asking him to show cause as to why his licence should not be cancelled. R-2 in its reply to show cause notice stated the entire facts before the Respondent No. 1 including the broad controversy between the parties, the suit for passing off filed by the R-3 before the Madras High Court, the interim orders given by the Madras High Court, the matters relating to the registration of the Trade Mark and the orders of the appellate tribunal as well as the High Court on this matter and R-1 being convinced that the permission to manufacture the cosmetics was rightly given withdrew his show cause notice stating that the controversy regarding the trade mark is subjudice before the courts and therefore withdrew its show cause notice given to R-2. The Petitioner had inter alia, challenged this order of the Drug Controller/R-1 dated 8-6-2006 before this Court earlier in Writ Petition No. 1232 of 2006 (MB). A Division Bench of this Court after hearing all the concerned parties came to the conclusion that the mere pendency of the case before different High Courts is not reason enough for R-1 not to complete the proceeding and he should pass a detail order. The Court was also of the view that the trade mark stands registered in the name of Petitioner and once a trade mark is registered in favour of the Petitioner any other person manufacturing the cosmetics under the said brand name may be hit by Section 17D of the Drugs and Cosmetics Act, 1940, which pertains to spurious cosmetics. The Division Bench had therefore disposed of the petition with certain observations and directions, which are material for our purposes.

> **13.** Learned Counsel for Respondent No. 1 argued before this Court that the Drug Controller on its part is not concerned with the dispute of trademark between the Petitioner and Respondents No. 2 and 3. It is further argued in this regard that the Respondent No. 1, has issued the license keeping in view the provision of Drugs and Cosmetics Act, 1940 and Rules framed thereunder. The defence taken on behalf of Respondent No. 1 (Drug Controller) is vague and evasive. Section 17D of Drugs and Cosmetics Act, defines Spurious Cosmetics.

Clause (a) of Section 17D, provides that a cosmetic shall be deemed to be spurious if it is manufactured under a name, which belongs to another. Clause (b) of said Section, provides that a cosmetic shall be deemed to be spurious if it is an imitation of, or a substitute for, another cosmetic or resembles another cosmetic in a manner likely to deceive or bears upon it or upon its label or container the name of another cosmetic unless it is plainly and conspicuously marked so as to reveal its true character. Sub Clause Act, 1940, prohibits the manufacture of any drug or cosmetic in contravention of any of the provisions of this Chapter or any rule made thereunder. Part XIV of the Rules framed under aforesaid Act, contains rules relating to manufacture of cosmetics for sale or for distribution. An application for license to manufacture cosmetics is required to be made under Rule 138 of the Rules in Form No. 31. Form 31 provide in Schedule A of the Rules, framed under the Act, shows that in column 2, the Applicant is required to name the cosmetic, which he desires to manufacture. It is concealed from this Court what was the name disclosed by Respondent No. 2, which he wants to manufacture. Clause (b) of Rule 148 of the Drugs and Cosmetics Rules, 1945, provides that the licensee shall comply with the provisions of the Act and the Rules, made thereunder. From above provisions it is clear that if a licensee manufactures a cosmetic under a name, which belongs to another or imitates or substitutes or in any manner likely to deceive, it would be a spurious cosmetic and in violation of Section 17D of the aforesaid Act. Merely by saying that the Petitioner is in litigation with Respondent No. 3 in Chennai and Delhi High Court does no absolve the Respondent No. 1 - Drug Controller from its responsibility. It is pertinent to mention here that Respondent No. 2 - Kundan Care Products Ltd. was not a party either in Chennai High Court or in the Delhi High Court to the litigation. Not only this, even if Respondent No. 2 gets impleaded itself as a party in those litigations, still granting of license by Drug Controller Uttarakhand, is not an issue either before Chennai High Court or before the Delhi High Court. As such, the excuse given by Respondent No. 1 (Drug Controller) that no action is required to be taken in furtherance to the show cause notice in view of dispute being subjudice cannot be said to be a fair and honest reply. It is true that Petitioner since 30-04-2004 is injuncted by the Chennai High Court till the disposal of the suit to use the trade mark JOLEN. But trademark JOLEN is still registered in India in favour of the Petitioner is not quashed by any court.

14. In the above circumstances, we are of the view that this writ petition deserves to be disposed of and is disposed of, with the direction that Respondent No. 1 shall dispose of the complaint made on behalf of the Petitioner M/s Hindustan Rimmer on which a show cause notice is admittedly issued by Respondent No. 1 and reply was submitted by Respondent No. 2, as mentioned above, within a period of three months from today, after giving opportunity of being heard to the parties concerned, including the Respondent No. 3 and it shall decide whether the permission/license issued to Respondent No. 2 is liable to be suspended/cancelled or not. In case of non-cooperation in hearing by any of the parties, after being given opportunity, the Respondent No. 1 would be at liberty to proceed further to take decision, as directed above, in accordance with provisions of Drugs and Cosmetics Act, 1940 and Rules framed there under.

17. The Division Bench of this Court in its judgment has not given any conclusive finding as to whether or not the grant of license to R-2, under the facts and circumstances of the case was justified. It had only stated that the rejection of the

objections of the Petitioner by R-1 merely on the ground that the matter is subjudice before different High Courts is no ground for rejection. Further, what weighed in the minds of the learned Judges was the fact that the brand name stood registered in favour of the Petitioner and therefore R-1 also had to see whether or not in the light of the fact that the cosmetic manufactured by R-2 is registered with Petitioner, the same would be a spurious cosmetic. In other words R-1 had now to decide on the objections of the Petitioner, in the light and the observations made by the Division Bench of this Court. It will also therefore to be seen as to whether the order impugned in this writ petition meets the directions and observations of this Court in the earlier writ petition.

18. R-1 has in fact passed a speaking order dated 1-12-2007 following the directions of this Court dated 3-7-2007, which has presently been impugned by the Petitioner. By the said order, the Drug Controlling Authority has come to the conclusion that the license was rightly given and the show cause notice dated 4-1-2006 given to R-2 was withdrawn by him.

19. In the impugned order, it has been stated as follows:

> 6. As far as the question whether or not the production of Cosmetics by the Respondents fail under the category of spurious goods is concerned, the complainant could not produce any such evidence on record which could prove that the cosmetics manufactured by them are being manufactured in the name of someone else. This fact has surfaced that M/s Jolen INC have been getting production of their own brands carried out through their own licensee. They are not seeking manufacture of any Cosmetics products under the brand name of some other company or with similar design but have rather been getting such production .done though their own licence. In fact, they are getting their brand products manufactured. Therefore, the allegations against the Respondents about manufacturing spurious products is not proved.

20. In view of this Court also the cosmetic being now manufactured by R-2 on a license given by R-1 cannot be called a spurious cosmetic as defined under Section 17-D of the Drugs and Cosmetics Act, 1940 inasmuch as it is not being manufactured under the name which belongs to another cosmetic and moreover in view of the interim injunction of the Madras High Court as well as the interim orders of the Delhi High Court and in the light of the undertaking given by the Petitioner before the Delhi High Court, for the purposes of Drugs and Cosmetics Act, the name JOLEN presently does not belong to the Petitioner nor is it an imitation or substitute of any cosmetic or resembles cosmetic in a manner likely to deceive or bear upon its label or container in the name of another cosmetic as contemplated under Section 17-D(b) of the Act. In view the interim order of this Delhi High Court as well as the Madras High Court. Legally speaking, the cosmetic being manufactured by R-2 as a licensee of R-3, is not a spurious cosmetic and therefore, the license has rightly been given to R-2 by R-1 under the Drugs and Cosmetics Act, 1940. However, this Court refrains from saying anything on the relative merits of the parties pertaining to their trade mark dispute as the matter is subjudice before the Delhi High Court as well as the Madras High Court and strictly speaking that is also not the lis here.

21. What is material in the present case, is as to whether or no the licence granted by R-1 to R-2 was in accordance with Drugs and Cosmetics Act, 1940 and rules framed thereunder or not. It is the case of the Petitioner that before such a license is granted by the Drug Controlling Authority i.e. R-1, the prospective licensee has to give an application along with an affidavit stating that the trade name in which the cosmetic has

to be manufactured is the trade name of the prospective licensee and he is not violating any provision of the Trade Mark Act, 1999 or the rules framed thereunder. Specific averment made by the R-2 before the R-1 in order to procure the licence were as follows:

> **3.** That above mentioned trade names are our own brand and to the best of my knowledge, do not resemble with any other brand used in India by any other manufacturer/trader.
>
> **4.** That the said names do not violate the Trade Mark Act 1999 and Rules made thereinder.

22. According to the Petitioner, it was the duty of R-1 to make sure that the brand name of the product is not violating any provision of Trade Mark Act in anyway. It is alleged that the said duty has not been fulfilled by R-1, inasmuch as according to the Petitioner in case R-2 sells a product by name of JOLEN, it would mean an infringement, as the Trade Mark JOLEN stands registered in the name of the Petitioner. According to the Petitioner, R-1 i.e. the licensing authority has failed to perform its statutory duty as it has not verified the fact that the trade mark of the Petitioner was actually being infringed by the action of R-2 and therefore, the licence granted to R-2 by R1 was liable to be withdrawn.

23. In the view of this Court, it is not within the scope and powers of the Drug Controlling Authority to examine as to whether any action of infringement or passing off is taking place between two rival contenders. The main purpose of the Drugs and Cosmetics Act and the establishment of statutory Authorities under the Act are that the drugs and cosmetics should be manufactured by a competent person, who has the competence and knowledge to manufacture these drugs and cosmetics and that the manufacture of these cosmetics should take place within the established parameter of law under the Act and rules such as that there should be a prescribed land area, the required machinery and know-how of the people, who are in the business of manufacturing the product, who are in the business of manufacturing the product, care of hygiene, etc, etc. If the Drug Controlling Authority is satisfied on these aspects, then there is no reason for refusing to grant license. The Petitioner would, however, contend that the licence has been obtained by R-2 by misrepresentation and also by concealment of facts inasmuch as the fact that the Trade Mark JOLEN stands registered in favour of the Petitioner has not been disclosed by R-2. This fact therefore should also be examined.

24. In view of this Court, in case R-2 has given a statement before R-1 that it is not violating any provision of Trade Mark Act nor is it committing an infringement then such a statement cannot be said to be wholly baseless. Although it is true that R-2 in all fairness should have disclosed before R-1 the entire facts of the matter such as the proceedings before the Madras High Court as well as the Delhi High Court and had R-2 apprised R-1 with all these details regarding the pending litigation, there is no reason why such a license should have been refused. Therefore R-2 has been somewhat unfair by not disclosing the entire fact before R-1. Having said this, however, what is also to be seen is as to whether the facts not disclosed before R-3 were so material that R-1 should indeed recalled its order by which it had earlier granted license to R-2. On perusal of the entire material and seeing the facts and circumstances of the case, this Court is of the opinion that though indeed R-2 has not disclosed all facts before R-1 in order to procure the license under the Drugs and Cosmetics Act, yet the nondisclosure of these facts are not so material so as to call the action of R-2 as fraudulent and to

wrest away the licence obtained by him earlier.

25. The learned Counsel for the Petitioner Mr. Sanat Kumar has cited two cases before this Court i.e. MANU/SC/0192/1994 : AIR 1994 SC 853 S.P. Chengalvaraya Naidu Jagannath and Ors. & MANU/SC/3215/2008 : AIR 2008 SC 3266 Regional Manager, Central Bank of India v. Madhulika Guru Prasad Dahir and Ors. and has asserted that since R-2 had not disclosed the relevant material facts before R-1 and in fact has stated that R-2 does not infringe any other trade mark, he has played fraud upon the concerned authority and therefore the license should not have been granted to it and particularly in view of the objections of the Petitioner before R-1, the license granted should have been withdrawn as a fraud has been played upon before R-1 by R-2. Indeed it is settled that a fraud vitiates everything, nor can an act of fraud be excused. However, such is not the case here. In MANU/SC/0192/1994 : AIR 1994 SC 853 S.P. Chengalvaraya Naidu Jagannath and Ors. what had happened was that a decree had been obtained by the Plaintiff, where the subject matter was a property which the Plaintiff had in fact released in favour of another and had relinquished all rights on the said property and the Plaintiff in fact had no locus standi to file even a suit a fact which was not disclosed by the Plaintiff and on the basis of non-disclosure of these relevant facts, a decree was awarded in favour of the Plaintiff. However, there is no such fraud, which has been played by R-2 before R-1 and therefore, the said ruling has no bearing in the present case. The second ruling on this aspect is MANU/SC/3215/2008 : AIR 2008 SC 3266 Regional Manager, Central Bank of India v. Madhulika Guru Prasad Dahir and Ors. where someone had procured an appointment on a post reserved for scheduled tribe on the basis of false caste certificate. This is again no the case before this Court, in fact no fraud has been played by R-2 before R-1 although , as this Court has observed in the preceding paragraph in all fairness, he should have apprised the Authorities of the pending litigation in various Courts. Nevertheless the non-disclosure of this fact is not so material so as to place the conduct of K-2 in the category of a fraud. The next contention of the Petitioner was that since the Division Bench of this Court had directed R-2 to pass orders on certain aspects and since it has not been done by R-2, the order again is bad and in order to strengthen this argument, the Petitioner has also cited a case law namely MANU/SC/8058/2006 : AIR 2006 SC 1465, APSRTC and Ors. v. G. Sriniwas Reddy and Ors. in the said ruling, the observations of the Hon'ble Apex Court, on which much reliance has been placed by the Petitioner are in paragraph 13.3, which is quoted as follows:

> 13.3. Where the High Court finds the decision-making process erroneous and records its findings as to the manner in which the decision should be made and then directs the authority to consider the matter, the authority will have to consider and decide the matter in the light of its findings or observations of the court. But where the High Court without recording any findings, or without expressing any view, merely directs, or without expressing any view, merely directs the authority to 'consider' the matter, the authority will have to consider the matter in accordance with law, with reference to the facts and circumstances of the case, its power not being circumscribed by any observations or findings of the court.

26. However, as this Court has already observed that the order passed by R-1 is perfectly in compliance of the directions as well as in the light of the orders of this Court dated 3-7-2007, therefore, the second contention of the Petitioner also does not get any benefit from the ruling cited above as it is clearly distinguished on facts. There are other rulings namely MANU/SC/0002/1951 : AIR 1952 SC 16 Commissioner of Police Bombay v. Gordhandas Banji MANU/SC/0340/1970 : AIR 1970 SC 1498 Orient

Paper Mills Ltd. v. UOI MANU/SC/0594/1999 : AIR 1999 SC 3558 Chandra Kishore Jha v. Mahavir Prasad and Ors. MANU/SC/0199/2001 : AIR 2001 SC 1952 Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd. ITC Limited and ITC Hotels Limited v. Punchgini Inc. Raja Jhanjee Paragnesh Desai 2007 NY Int. 164, however, it is respectfully stated that these rulings cited by the Petitioner do not support the case of the Petitioner.

27. "JOLEN" is a trade mark, which is presently registered in favour of the Petitioner, however, during the course of arguments this Court also had an occasion to examine two cartons A) the carton of JOLEN as manufactured by the Petitioner and B) the carton of JOLEN as manufactured by R-3. The resemblance of two is so striking that it is very difficult to make any distinction between the two as not only the letters, the artistic nature of the mark JOLEN are similar but the colour or the colour scheme is absolutely identical. Prima facie, to the naked eyes the products of the Petitioner are similar to the one marketed by R-2. The Madras High Court in its order dated 30-4-2004 had dealt with this issue in detail and it has come to the conclusion that the Petitioner has "slavishly copied" the trade mark "JOLEN" of R-3 and prima facie being satisfied it has granted injunction in favour of R-3. Having an opportunity therefore to see these products, on the presentation of these products, this Court cannot but agree wholeheartedly with the expression of the learned Judge of the Madras High Court. One is indeed a 'slavish' copy of another. Now merely because the name "JOLEN" stands registered in favour of the Petitioner, it cannot stop R-2 and R-3 from using this Trade Mark. Curiously though the entire case of the Petitioner rests on "registration" of the trade mark, yet he has not initiated any action of infringement against R-2 or R-3. On the contrary an action has been initiated by R-3 against the Petitioner. It is a settled position of law that a "passing off action can be initiated even against the registered owner of a Trade Mark. The Delhi High Court in its seminal decision in the Whirlpool case, has taken this view M.R. Dongra v. Whirlpool case MANU/DE/0700/1995 : AIR 1995 Del 300 which is also approved by the Hon'ble Apex Court in the case of M.R. Dongra v. Whirlpool Corporation 1996 PTC 583 (SC).

28. With the aforesaid observations, this Court holds that R-1 has not committed any illegality in granting licence to R-2 for manufacture of cosmetics under the trade name JOLEN, merely because the said trade name stands registered in the name of the Petitioner, in the light of the facts of this case, particularly when the said "registration" is of no use and not into effective operation, by force of law. This, Court finds no merit on the objections of the Petitioner on this issue. There is no fault in the order of R-1 dated 1-12-2007. It is once again clarified that any observations made by this Court on the trade mark dispute fleetingly will not be taken as any observations of this Court on that dispute. The writ petition is, however, liable to be dismissed and is dismissed as such. No order as to costs.

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